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PRINCIPLES GOVERNING MATERIAL PLANNING AND ORGANIZATION
OF THE GDR SUPPLY SYSTEM IN 1952

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At its meeting on 6 December 1951, the Ministerial Council of the GDR drafted the "Decree Concerning the Improvement of Material Planning and Organization of Material Supply" and therein laid down principles for the work of the material supply organs in 1952.

On the basis of the decree, which emphasizes the great importance of material planning and the organization of material supply for the increasing tempo of the GDR economy, the following tasks in particular must be performed in 1952:

1. The State Secretariat for Material Supply will concentrate its work more intensively than formerly on material planning, on direction in all basic problems, and on the systematic supervision of the supply of materials for the GDR economy.

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2. The operational work in directing the execution of the plan and in current distribution will to a great extent be transferred to the appropriate ministries and state secretariats with portfolio. This includes the direct management of most of the DHZ (German Trade Centers).

3. The basis for material planning, and the most important means of developing a frugal economy, is the establishment of material consumption norms. The State Secretariat for Material Supply will increase its control over the development of consumption norms and over compliance with them, and will also examine and confirm the norms worked out by claimant agencies Kontingenträger [primary recipients of allocations of materials].

4. The main emphasis of the work of the State Secretariat for Material Supply is to be on the exact determination of requirements, and, on the basis of this determination, the balancing of requirements against supplies available.

5. Along with the development of material consumption norms, improvement in the planning of requirements and distribution, and the introduction of the General Contract System, the claimant agencies are also faced with significant new tasks. The fulfillment of these tasks will require a considerable simplification of work methods, especially relief from the operational details of distribution.

6. Material accounting is of great importance in material planning and the development of a frugal economy. So far, this has not been properly handled and must therefore be further developed methodologically.

On the basis of these premises, the following principles and explanations have been laid down for material planning, organization of distribution, and accounting in 1952:

I. WORKING OUT THE MATERIAL PLAN FOR 1952

The State Secretariat for Material Supply has worked out the material balance figures for 1952 on the basis of the material requirements plan for 1952 turned over to it by the claimant agencies, using material consumption norms.

In contrast to the old practice, even those items have been balanced which are under the "facilitated movement of goods" system [a system whereby consumers can procure certain commodities directly from producers, without going through the usual channels]. This means that requirements will have a greater influence on production and imports. At the same time, the prerequisites are fulfilled for compiling totals, by value, of the various individual items, first by categories, then by plan groups, and finally by total supplies and their distribution, as an integral part of the balance figures for the planned economy.

The balances show the distribution broken down by claimant agencies and by utilization in the economy (for example, production and other operational consumption, investment consumption, consumption by the population). Balance figures with these breakdowns form the basis for integration with the various production and performance plans of the Economic Plan (production plans, investment plans, plans for providing goods for the population, etc.) and are an important means of discovering and avoiding disproportion between the plans for developing the different branches of the economy. The balances thus are a means for integrating the various parts of the plan with one another, and serve at the same time as a distribution plan.

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II. TURNING OVER PLANS TO THE COMPETENT MINISTRIES, THE STATE SECRETARIATS WITH PORTFOLIO, AND THE GERMAN TRADE CENTERS (ORGANS FOR EXECUTING THE DISTRIBUTION PLAN) TO BE PLACED UNDER THESE MINISTRIES AND STATE SECRETARIATS

With the transfer of the DHZ, the ministries and state secretariats with portfolio assume responsibility for the execution of the material distribution plan, including compliance with the pertinent instructions of the State Secretariat for Material Supply for goods in their respective fields.

In accordance with the Decree on the Improvement of the Work of the German Trade Centers, of 6 December 1951, the competent ministries or state secretariats with portfolio, or main administrations under them, are to form working groups for carrying out the new tasks of material distribution and coordinating trade matters.

The 1952 material distribution plan will be turned over to the ministries and state secretariats with portfolio, and in carbon copy to the DHZ, in the form of the materials balance sheet, form M 591. This sheet shows for each item the supplies, by source (production, import, reserves, and other), and the distribution to claimant agencies (that is, the planned allocations to each agency).

The following distinction should be made:

A. Balances for "Z" Goods (Goods Distributed Centrally)

These are the balances for the most important raw materials, primary materials, fuels and auxiliary materials, equipment, and finished products. Allocations for these goods are made only by the State Secretariat for Material Supply, which also has jurisdiction over all amounts which may become available from surplus production, operational reserves, returned allocations, etc. Such goods are designated in the material plan and in the balance sheets by the letter "Z."

B. Balances for "M" Goods

These are the balances for goods which are distributed by the ministries and state secretariats with portfolio according to the amounts specified in the balance sheets, either through claimant agencies or directly through the DHZ.

The ministries and state secretariats with portfolio have the particular right, subject to directives from the State Secretariat for Material Supply, to distributed reserves, returned allocations, and any amounts of these goods accruing from surplus production.

In 1952, some of the "M" goods will still be allotted to claimant agencies, consumer groups, and individual consumers against administrative release orders valid for the "Z" goods.

These goods are designated in the material plan and in the balance sheets by the letter "M."

Other "M" goods, which are designated in the material plan and in the balance sheets by the letter "M+," do not have to be allotted against administrative release orders. These are either goods the final disposition of which has already been determined, either in connection with their production or in the investment plan (especially heavy equipment), or goods the supply of and demand for which are properly balanced, which therefore can be procured

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by the consumers according to their needs, as in the case of goods previously under the "facilitated movement of goods" system, either through the proper DEZ or directly from the DEZ.

The balance figures for the "K" goods thus determine the framework for distribution by the ministries and state secretariats with portfolio.

III. TURNING OVER PLANS TO THE CLAIMANT AGENCIES

The State Secretariat for Material Supply turns over the confirmed plan for 1952 to the claimant agencies in the form of: (a) supply balance, form M 592; (b) material plan (allocation plan, form M 593)

A. Supply Balance

The supply balance is a new part of the plan. It includes all items for which the State Secretariat for Material Supply has worked out balance figures for 1952, including the compilation of totals by categories and plan groups, and a total, by value, of the entire amount of allotted materials.

This new part of the plan was introduced especially to provide an opportunity to determine the relative size of allocations for a given claimant agency and also to determine for each claimant agency to what extent other supplemental sources of supply must be developed.

In the supply balance form M 592, the following is shown for each item:

1. The requirement for 1952, calculated according to current norms and checked over.
2. The savings for each item, based on the total savings in the value of materials specified in the law on the 1952 Economic Plan.

Since requirements have been calculated on the basis of norms current at the beginning of the plan year, or on the basis of experience, the use of a factor for savings is justified in balancing supplies.

Previous experience shows that the growing initiative of the working people in improving norms, making better use of materials, improving technology, and eliminating exaggerated safety factors and the like, with resultant conservation of materials, must be accorded consideration as an integral component of the balances.

3. The approved cover of requirements, which consists of the calculated requirements minus the amounts to be saved; this cover of requirements at the same time represents the recognized consumption.

The cover of requirements is broken down into two parts, specified as follows:

- a. The planned allocation (allocations from production, imports, and other sources of supply), for amounts to be obtained from deliveries or from a plant's own production; so far as the goods concerned are those on the list of goods which are to be reported in gross for the Industrial Report (IM), i.e., goods for which the plant receives a gross-production plan.

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b. Supplies from domestic reserves; these include the following:

Reserves of the claimant agency itself which exceed the necessary current requirements for 1953

Materials accumulated from reserves, for example, use of scrap materials accumulated in the plant itself

Reduction of current material supplies or reserves below normal reserve quantities

Utilization of second-hand materials by exploiting the possibilities of covering requirements from materials offered by the DEZ for Domestic Reserves (Materialmarkt /a publication listing materials offered for sale by various enterprises/).

Exhaustion of local reserves

Use of substitute materials, etc.

The supplies to be obtained from domestic reserves are specified in the supply balance in a single sum. This figure is to be regarded as the control figure for the claimant agency, to be broken down by the agency and reported back to the State Secretariat for Material Supply, according to the breakdown given above, on a separate copy of the supply balance Form.

B. Material Plan

The annual allocation will be given to the claimant agency in the form of the material plan (allocation plan M 593). The material plan will contain all items for which the State Secretariat for Material Supply has set up balance figures for 1952, including the groupings by categories and plan groups and the compilation by value of all materials allocated under the plan. The State Secretariat for Material Supply can specify definite amounts in the material plan for quarters or months or for purpose or project.

IV. BREAKDOWN OF PLANS BY CLAIMANT AGENCIES

The material plan (allocation plan M 593) is the basis for the allocation of materials by the claimant agencies to the consumer groups and individual consumers. No breakdown is to be made in the material plan for the categories or for the items in the plan which are designated M +. Thus, it is the items designated "Z" and "N" which must be broken down.

1. The central claimant agencies distribute allocations to the consumer groups under them by means of distribution notice M 593a. A copy of this notice is to be sent to the central management of the DEZ which has jurisdiction over the goods in question, the name of which is entered in Column 3 opposite the item in the nomenclature list of the material plan.

The consumer groups distribute the allocations received via distribution notice M 593a to the consumers under them by means of distribution notice M 593b.

Claimant agencies do not use form M 593a for the distribution of allocations to consumers directly subordinate to them, but form M 593b. In such cases the claimant agencies must send the third carbon copy of form

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M 593b to the central management of the appropriate DEZ. On this form, the letter "D" is to precede the five-digit code number of the claimant agency, to indicate that this allocation was made directly.

The consumers send two copies (directly subordinate plants, one copy) of form M 593b to the branch of the DEZ which has jurisdiction for the area and the items in question. These copies are to be forwarded immediately upon receipt of the form by the consumer.

2. The Main Departments for Material Supply of the Laender governments, as claimant agencies, distribute allocations by means of distribution notice M 593a to the consumer groups under them (such as councils of the material supply offices of the municipal and rural Kreise).

The central management of the appropriate DEZ or the branch office named by the DEZ to execute the material plan of the Land government receives one copy of form 593a.

The consumer groups distribute the allocations received via distribution notice M 593a to the consumers by means of form M 593b.

The Main Departments for Material Supply of the Laender governments, as claimant agencies, are responsible for prescribing simplified procedures for the distribution of very small quantities, especially within the Kreise.

The state contract offices, as consumer groups, distribute materials for processing to the other plants on the basis of previously examined and registered contracts and on the basis of justified and approved demands for materials, using the forms which have been in use previously.

Supplemental regulations on the method of distribution within the Laender will be given out later.

3. According to the Order on the Introduction of the General Contract System for Deliveries of Goods in People-Owned and Equivalent Plants, of 6 December 1951, consumers are required to conclude contracts covering mutual relationships resulting from the Economic Plan which pertain to the delivery and receipt of basic and raw materials, semifinished and finished goods. According to Paragraph 2, Section 1, of this decree, the contracts must be concluded not later than one month after the plan assignments are made known.

So far as consumers are concerned, the plan assignments are considered to have been made known at the time form M 593b is received from the consumer group or from the claimant agency.

The requirement to conclude contracts applies also to those goods which are not distributed via form M 593b. In this case, the plan assignments are considered to have been made known on the date on which the consumer receives the production or output plan. The requirement to conclude contracts applies to all needed items the amount of which is fixed by the production and performance plans.

According to Paragraph 1, Section 4, of the Decree Concerning the Introduction of the General Contract System, the chiefs of the organs concerned are responsible for conclusion of the contracts. If they refuse to conclude a contract, or if they are responsible for delaying the conclusion of a contract, this is to be considered a breach of plan discipline and behavior prejudicial to the economy, and is cause for prosecution under the current penal regulations.

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4. The claimant agencies are permitted to hold back small portions of their allocations under the plan as "reserve of the claimant agency." However, the breakdown of this reserve must be made promptly enough so that the consumers who receive allocations from this reserve can give their orders to the DEZ or plants soon enough for the goods in question to be produced or imported in accordance with requirements during the proper plan period.

V. DISTRIBUTION OF ASSIGNMENTS IN CONNECTION WITH EXECUTION OF THE MATERIAL PLAN

A. Tasks of State Secretariat for Material Supply

The State Secretariat for Material Supply will concentrate in the future primarily on the following tasks in connection with material planning and material distribution:

1. Promoting the establishment of economical material consumption norms as a basis for planning requirements and materials distribution, and also as a means of checking on proper consumption of materials and confirmation of norms.
2. Establishing material requirements for all parts of the economy on the basis of consumption norms and the material requirements plans of the claimant agencies.
3. Working out material balances and the other parts of the material plan.
4. Distributing the most important raw materials, materials, and finished products ("Z" goods) during the current plan year.
5. Laying down the regulations for the distribution of other goods by the ministries, state secretariats with portfolio, and DEZ on the basis of balance sheets and directives worked out by the State Secretariat for Material Supply.
6. Promoting the frugal utilization of materials and the establishment of a systematic control over consumption of materials, material reserves, and adherence to approved consumption norms, by means of an improved system of accounting.
7. Laying down the principles governing the movement of goods and the contracting system and promoting the establishment of long-range relationships throughout the economy.
8. Organizing a better utilization of domestic and local reserves as well as an increased use of substitute materials in place of goods which have to be imported and other goods in short supply, and more extensive use of domestic raw materials for purposes for which they have not previously been used.

The execution of these assignments is possible only if the State Secretariat for Material Supply is relieved to a great extent of all operational functions in connection with the distribution of goods, especially the processing of current supplemental demands for material allocations above or in addition to the plan, and the direct supervision and control of the work of the DEZ, that is, the direct control of the execution of the plan.

According to the Decree of the Ministerial Council, these operational tasks are to be transferred to the ministries and the state secretariats with portfolio.

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The ministries and state secretariats with portfolio, and in particular the working groups to be formed by them have primarily the following assignments:

1. Control over the execution of the distribution plan and assurance of accounting for all goods.
2. Direction of the distribution of all "M" items on the basis of the balances worked out by the State Secretariat for Material Supply, with regard not only to distribution but also to the source of supply (production and import).

This includes in particular:

a. Breaking down the balance figures received from the State Secretariat for Material Supply according to a more detailed nomenclature, in order to balance requirements and supplies even for individual assortments of goods or according to other detailed specifications.

b. Initiating the setting up of delivery plans for specified materials in order to work out a long-range delivery program for especially important plants or especially important goods.

Delivery plans provide a breakdown of the distribution, which is specified in the balance sheets only in general terms, taking special consideration of economical use of transportation and of practical requirements with regard to assortments and quality.

c. Systematically exercising control over the execution of the distribution plan, especially with regard to:

The breakdown and specification of allocations by the claimant agencies and the consumer groups.

The conclusion of contracts by the consumers.

The observance of the regulations of the Decree Concerning the Introduction of the General Contract System in the conclusion of contracts.

Assurance of delivery of key materials on schedule.

Proper recording of the allocations by the DHZ.

Plan accounting by the DHZ.

d. Processing supplemental demands for all "M" items for release in addition to or outside the plan from the operational reserves specified in the balance sheets and from allocations returned, especially the decision as to whether the release is to be granted on the basis of such demands.

e. Controlling the distribution of those "M" goods which are not allocated to the consumer by means of administrative allocation forms, and making decisions on all problems connected with the distribution of these goods within the framework of the balance figures set up by the State Secretariat for Material Supply and the directives which are handed down.

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It must be particularly pointed out that the tasks of the ministries and of the state secretariats with portfolio in connection with the execution of the distribution plan include the distribution of all supplies of the goods in question. Their responsibility is thus in no way limited to marketing those goods included in the distribution plan which are produced by enterprises subordinate to the respective ministries and state secretariats with portfolio, but extends in equal degree to the distribution of supplies from any source in the GDR economy, including imports.

These tasks are not to be confused with the tasks of the ministries and secretariats with portfolio in connection with supplying materials to their own consumers. For this reason, the working groups to be set up by the ministries for the execution of the tasks assigned to them are not to be incorporated in the existing departments for material supply.

VI. REQUESTS FOR ALLOCATIONS OF MATERIALS IN ADDITION TO AND OUTSIDE THE PLAN AND THE PROCESSING OF SUCH REQUESTS

The processing of a very large number of current requests for allocations of materials in addition to and outside the plan has to date been an unwarrantedly heavy burden on both the apparatus of the State Secretariat for Material Supply and the claimant agencies and has kept them from the important tasks of developing norms, calculating exact requirements, supervising consumption, and accounting.

In the past, a large number of the supplemental requests have not had sufficient justification. In general, they were submitted without serious efforts having been made to find other means of covering the requirements (shifting of materials, diversion of unused allocations, use of substitute materials, full utilization of local reserves, etc.). In particular, the inventory of reserves of metal products taken on 30 August 1951 on form M 518 confirmed this.

This situation must end in 1952.

The M 19 procedure for requesting allocations from the State Secretariat for Material Supply will be discontinued. In 1952, allocations of materials in addition to and outside the plan will be made only if:

1. Supplemental assignments have been made under the plan, or the fulfillment of key tasks under the Economic Plan depends on the supplemental allocations.
2. It is shown that the planned allocations have been completely realized and that proper use has been made of them.
3. The claimant agency has no reserves of its own and there are no other possibilities of any alternatives.

If the above conditions for requesting supplemental allocations of "Z" goods are met, the claimant agency may submit the request, without any special form, together with a detailed justification and explanation. These requests for "Z" goods must be signed by the minister competent to sign for the claimant agency in question or by the state secretary, in the case of a central claimant agency, or by the chief of the Main Department for Material Supply of a Land government.

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Form M 19 may continue to be used for submitting requests from consumers or consumer groups to their respective claimant agencies.

Form M 19 may also be used for submitting to the ministries requests from claimant agencies for allocations of "M" goods in addition to or outside the plan. In this case, also, the above-mentioned conditions must be met. Such requests must be signed by the chief of the appropriate main department or department for material supply.

The following instructions will be issued in amplification of this regulation:

1. The procedure for plan accounting (from the standpoint of deliveries) and for accounting of receipts, consumption, and reserves of materials for 1952 (M 32)
2. Methodological details on individual peculiarities in connection with the distribution of certain goods and groups of goods
3. Peculiarities in the distribution methods of the Land governments (contract offices, hand trades, consumer cooperatives, Kreise, etc.).

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